



17 February 2025

Dear Shareholder

Further to the statement in the recent interim report that advisers had been appointed to run a sales process for the two remaining assets of NZSIF we provide the following update.

Bendigo Accommodation Facility

The Bendigo Accommodation facility was sold just prior to Christmas. Whilst the price was only marginally below the current valuation, the return to NZSIF has been impacted by a significant unexpected Australian Capital Gains Tax impost (taxes are not usually deducted from valuations). After repaying debt used to finance part of the project and other costs, the outcome to investors in PIP Fund is expected to be less than half the March 2024 valuation. After holding back an amount to pay the potential capital gains tax PIP Fund paid to NZSIF its share of the sale proceeds on 24 December. An additional payment might be received to the extent that the final capital gains tax is lower than currently expected. As such the final outcome is yet to be determined for Bendigo.

Melbourne Convention & Exhibition Centre

The sale process for Melbourne is advancing. Following receipt of bids, negotiations with prospective purchasers are underway. An outcome can be expected shortly if the negotiations are concluded successfully. The sale price is likely to be less than the March 2024 valuation due to the less favourable economic and market conditions for PPP assets since that valuation was done. We have enquired with the manager of PIP Fund as to any potential CGT risk on the sale of this asset and they have reiterated that as this is not a traditional property asset no CGT is expected to be paid on this transaction.

Returning capital to shareholders

The NZSIF board and management are working on a plan to distribute to shareholders the cash already held from previous asset sales (including from the Bendigo Accommodation facility) and proceeds from the likely sale of the Melbourne Convention and Exhibition Centre. Our objective is for these amounts to be distributed largely tax free during a liquidation of NZSIF. We will update you on this process and timing once the Melbourne sale is complete.

Updated NTA estimate

Our best current estimate is an NTA of c55 - 60c per share, with an initial return of cash from the liquidation process in mid 2025, and the balance by late 2025 or early 2026 once (i) the final Schools earnout dates have passed, (ii) the clawback of previously paid performance fees is received and (iii) the final Australian and New Zealand tax outcomes are met.

The estimated IRR to shareholders based on our assumed payouts is c8.5% - 9% pre tax over the life of NZSIF, with an overall money multiple of 2x. As such despite the final outcomes of both Bendigo and Melbourne being disappointing relative to the 2024 valuations we believe the overall returns over the life of NZSIF remain acceptable.



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Yours sincerely

NEW ZEALAND SOCIAL INFRASTRUCTURE FUND LIMITED

A handwritten signature in black ink, appearing to read 'Kim Ellis', is positioned above the printed name and title.

Kim Ellis
Chairman